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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 000982

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TW, KN, IR, SO, IZ, AF, PK
SUBJECT: FM YANG AND CODEL MCCAIN DISCUSS BILATERAL
RELATIONS, DPRK, PROTECTIONISM, TAIWAN, IRAN, AF-PAK

Classified By: Charge d'Affaires William Weinstein.
Reasons 1.4 (b) and (d).

Summary

11. (C) PRC Foreign Minister Yang Jiechi told CODEL McCain April 9 that U.S.-China relations were enjoying a "new spirit" of positive relations anchored by cooperation on global and regional concerns of mutual interest, and sought assurances that Congress would show "understanding" on Taiwan, Tibet and Xinjiang. The United States and China had to work together to counter trade protectionism "in any form," Yang said, but developed countries should take the lead on emissions reductions to deal with climate change. He said the response of the international community to the recent missile launch by the DPRK should be "balanced and appropriate" and reflect the UN Security Council unity. Yang welcomed positive U.S. gestures toward Iran, praised U.S.-China coordination in dealing with piracy off the coast of Somalia, and sought U.S. views on security developments in Iraq, Afghanistan and Pakistan. END SUMMARY.

Shared Concerns Unite U.S, China

12. (C) In an April 9 meeting with Senators John McCain (R-AZ), Lindsey Graham (R-SC) and Amy Klobuchar (D-MN), Foreign Minister Yang Jiechi praised the "new spirit" in U.S.-China relations as articulated by President Obama and PRC President Hu Jintao at their April 1 meeting in London. He stressed the importance of enhancing bilateral relations given shared concerns on such matters as the global financial crisis, terrorism, and piracy. He said that this new spirit of cooperation had replaced the fundamentally different 20th-century paradigm, under which the interests of major powers had been in conflict. Yang asserted that the need to coordinate on global and regional issues formed the "anchor" of the U.S.-China relationship. He acknowledged that differences between the two sides remained and expressed hope that the U.S. Congress would show understanding of the Chinese government's position and the feelings of the Chinese people on "core issues" such as Taiwan, Tibet and Xinjiang.

Fighting Protectionism

13. (C) Yang expressed concern that some countries were

developing a "siege mentality" in the face of the global economic crisis, and said that the United States and China had to work together to counter trade protectionism "in any form." He said that he was positive on the outlook for a "balanced and comprehensive" resolution of the Doha Round, and hoped that upcoming multilateral meetings would establish a date for doing so. He expressed hope that the Senators would be a voice for free trade on Capitol Hill. He cited the importance of the bilateral mechanisms such as the Strategic and Economic Dialogue and the Joint Commission on Commerce and Trade (JCCT) for enhancing trade cooperation.

Climate Change: Developed Countries Should Take the Lead

14. (C) FM Yang stressed the importance of achieving success at the Copenhagen meeting on climate change in December. He underscored the importance of the principle of prior environmental agreements that developed and developing countries contribute on a "differentiated" basis. Developing countries, Yang said, should strive for sustainable development of their economics but lack the equipment and capital to reduce emissions as much as developed countries, and thus developed countries should continue to take the lead in reductions. He emphasized the economic challenge that China currently faced in light of the global economic slowdown as a constraint on China's ability to take action on climate change. Yang said that China was conscious of its responsibilities and had developed a plan to slow the growth of energy consumption and emissions based on new technologies and "good regulation." Yang said that China had a goal of

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increasing the share of nuclear power to 4 percent of total power production and relied on international partners like the United States, France and Russia to achieve this. He stressed the importance of U.S-China cooperation on clean-coal technologies given the importance of the fuel for China. China had set goals of reducing energy intensity by 20 percent and emissions of major pollutants by 10 percent by 2010, as well as raising the amount of forested land from 18 to 20 percent, Yang said.

Taiwan

15. (C) FM Yang said that recent cross-Straits political developments had been positive and that the authorities on Taiwan had indicated they wanted to find ways to encourage investment from the PRC. The "two associations" that manage cross-Straits relations were interested in developing a "cooperative framework agreement." He said that if participation in international organizations such as the World Health Assembly (WHA) was "not premised on two Chinas," Beijing was ready to move toward a "final solution on this issue." He pointed to President Hu's December 31, 2008 speech on Taiwan as the path forward for improving cross-Straits relations in political, economic, cultural and "even military" areas.

Iran Nuclear Issue

16. (C) FM Yang said that China welcomed gestures by the Obama administration toward Iran as helpful for the P5-plus-1 process. He reaffirmed that China opposed the development of nuclear weapons by Iran and had expressed this to Iran on many occasions. He stressed the importance of a diplomatic solution to the nuclear issue. He noted that the "double-freeze" proposal remained on the table and that China believed it represented a "good initial step" that Iran should accept. Yang said that China would continue to "do our best" to persuade the Iranians, but cautioned that there were "many hotspots in the world" that required attention.

DPRK

17. (C) FM Yang acknowledged that the Six-Party process was currently facing difficulties but emphasized the "major progress" the process had shown so far, as evidenced by the destruction in 2008 of the cooling tower and North Korean comments that the Korean Peninsula should be nuclear weapons free. He acknowledged the international community's concern at the April 5 missile launch by the DPRK but said that "there is something to be said" for the argument that the purpose had been to launch a satellite and not to conduct a ballistic missile test. He stressed that UNSC Resolution 1718 "should be enforced," adding that China was in active consultation with other UN Security Council members. He said the response of the international community should be "balanced and appropriate" and show the unity of the Security Council. Calling U.S.-China cooperation on the issue a "bright spot" in the relationship, Yang said that any reaction to the launch should advance the goals of denuclearization of the Korean Peninsula and peace and stability in Northeast Asia. Yang added that China had endeavored to reason with the DPRK to prevent the launch and reaffirmed Chinese opposition to the action. Senator McCain expressed concern that the North Koreans were slowly but steadily refining their nuclear weapons technology and that a failure by the international community to take meaningful action would only encourage similar actions by the North Koreans.

Somalia Piracy and Other Shared Threats -----

18. (C) Countering piracy off of the coast of Somalia was very important for protecting global trade, FM Yang said, and the United States and China had a strong mutual interest in the issue. China had sent three navy vessels to the region,

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which had had "good" contact with their U.S. Navy counterparts, sharing "information and experiences." He said that China was concerned by "non-sovereign groups or individuals" that, for example, threaten the safety of nuclear materials or traffic narcotics across international borders. Such groups, Yang said, could overpower small nations, and major powers needed to play a role to maintain the safety of international trade.

Iraq, Afghanistan and Pakistan -----

19. (C) FM Yang sought U.S. views on security trends in the Middle East and South Asia. Senator McCain recounted the development of the counter-insurgency model in Iraq and its positive impact, adding that a similar model would be applied in Afghanistan, taking into account the different situation there. He stressed that the situation in Afghanistan would be difficult in the short term, but that long-term stabilization of Afghanistan was important for U.S. national security. FM Yang reported that China recently had announced it would convert USD75 million in previously announced loans to Afghanistan into cash grants. Calling Pakistan a "good friend of China," Yang expressed concern for the "enormous" security and economic challenges there, adding that China had worked to reduce tensions between Pakistan and India.

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